Efficiency Guide – Home Security

How you can use your internal resources smarter – and improve the customer experience at the same time

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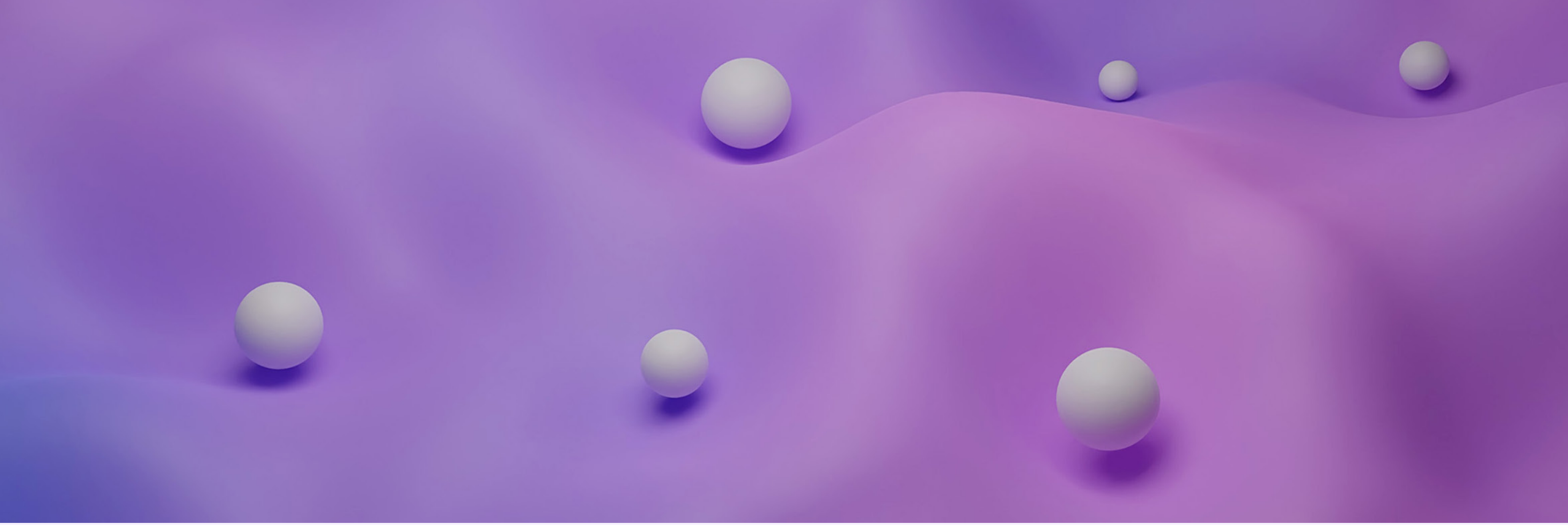
Introduction

The demand for products and services offering greater security remains strong. The digital transformation of society and connected homes has created new opportunities for offering people a feeling of knowing exactly what's going on in their home via their mobile phone, no matter where they are. The market for home security is far from saturated, even though competition has stiffened as new players have entered the scene in the battle for market share. Many companies in the industry now also see potential for growth by entering new markets. To free up the resources required for a successful international expansion, without losing customers in your home market, you need to get rid of as many of the administrative time thieves as possible. And for this, there's homework to do. Because, even though digitalization has boosted product development in home security companies, their internal processes for invoicing and payment have lagged behind. It is something that can put the brakes on a company's growth journey. But which processes need to be made more efficient? And what will have the greatest impact? This guide provides handy tips on how to free up internal resources that allow for a greater focus on your core business and growth. And as a bonus, you will be able to offer a better digital customer experience.

We hope you'll enjoy reading it!



Why are invoicing and payment essential to the customer experience?

The choices available to today's consumers seem endless, which is why each source of friction carries with it a higher risk of churn. It could have to do with ambiguities concerning costs, difficulties with payments, payment-related fees or long waiting times to get the right help. In industries where the business model is based on a running subscription, such as home security, invoices are also the main point of interaction that existing customers have with your company. It is primarily when your customers receive their invoice and make payment that they reflect on, and possibly question, their choice of you as their provider.

Surveys from the subscription-based industries of telecom[1] and energy[2] reveal that around half of the customers evaluate their supplier when the invoice arrives. This proportion increases dramatically the younger customers are.

Younger customers are not only more prone to question their choice, but also have higher expectations when it comes to seamless digital experiences compared to older generations, regardless of what service is being offered. Thus, the importance of having efficient digital processes for invoice processing stretches far beyond that of just saving resources internally. In fact, if you want to have a large, satisfied customer base in the future it's actually a necessity.

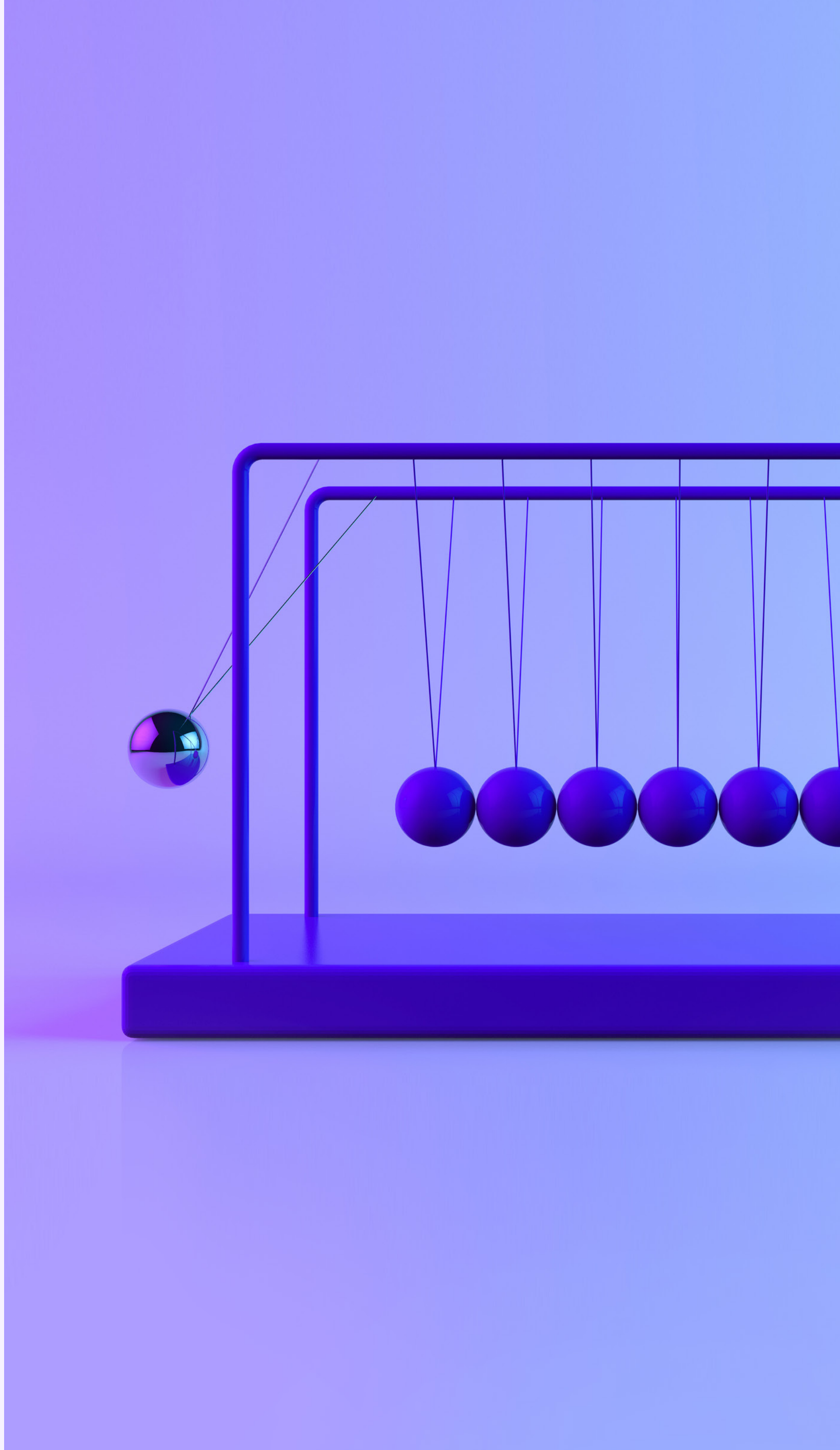
[1] Novus Telecom
[2] Novus Energy

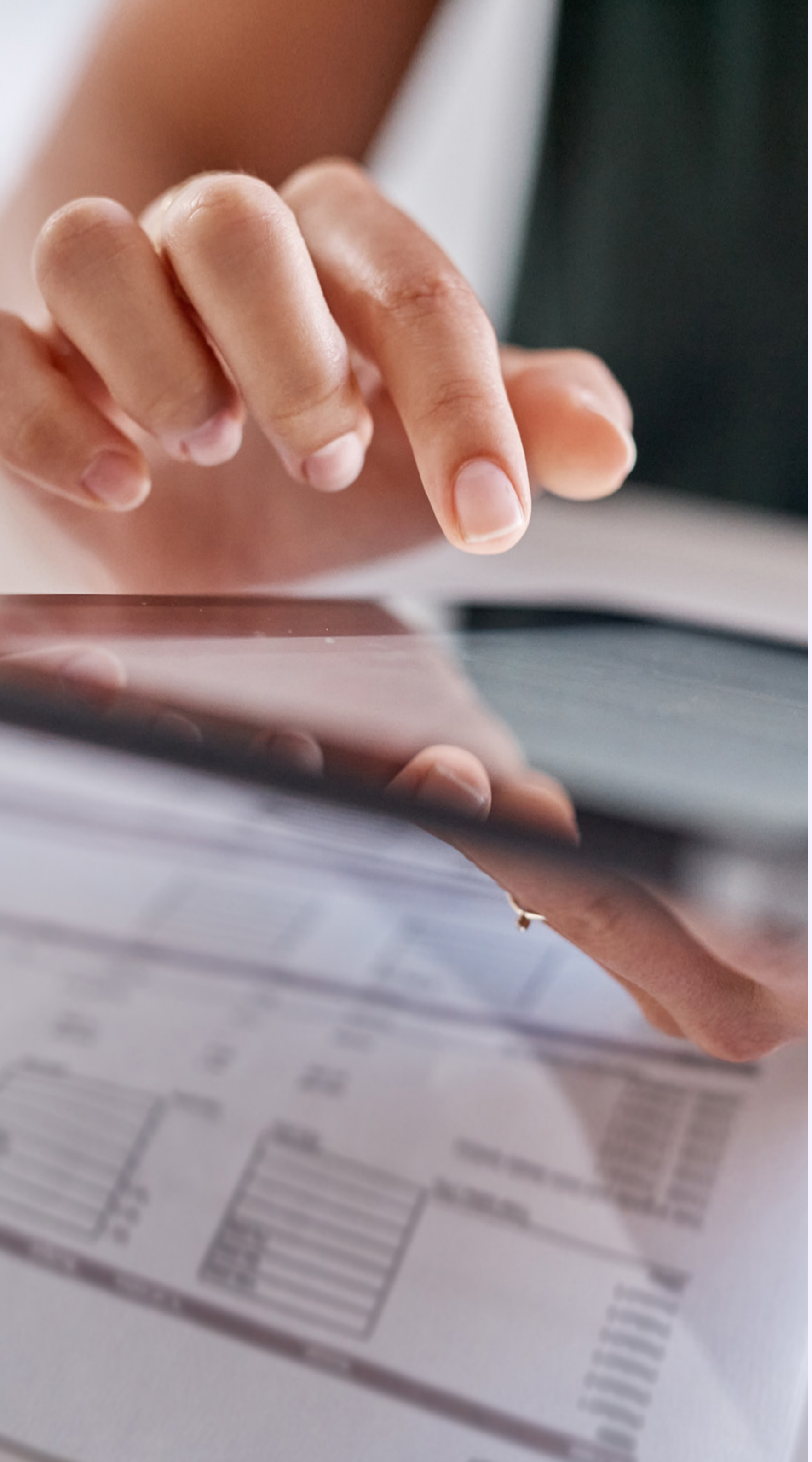
Where is so much of the time and resources disappearing to today?

Invoicing and payment are partly handled by a company's accounting department. But it is also closely related to customer service, not least because such a large percentage of customer service tickets have something to do with billing. Using digitalization to help automate several of the steps in the payment process could thus save both time and resources in many parts of your organization.

5 examples of administrative time thieves for invoicing and payment:

- Paper invoices
- Erroneous payments
- Reminders and delays
- Setting up direct debit
- Handling failed transactions





Administrative challenges with international expansion

If your company has started to enter new markets, or plans on doing so in the near future, it will come with additional administrative challenges. Managing that could put the brakes on your international growth and enable more agile competitors to race past you. Here are three examples of time thieves with international expansion:

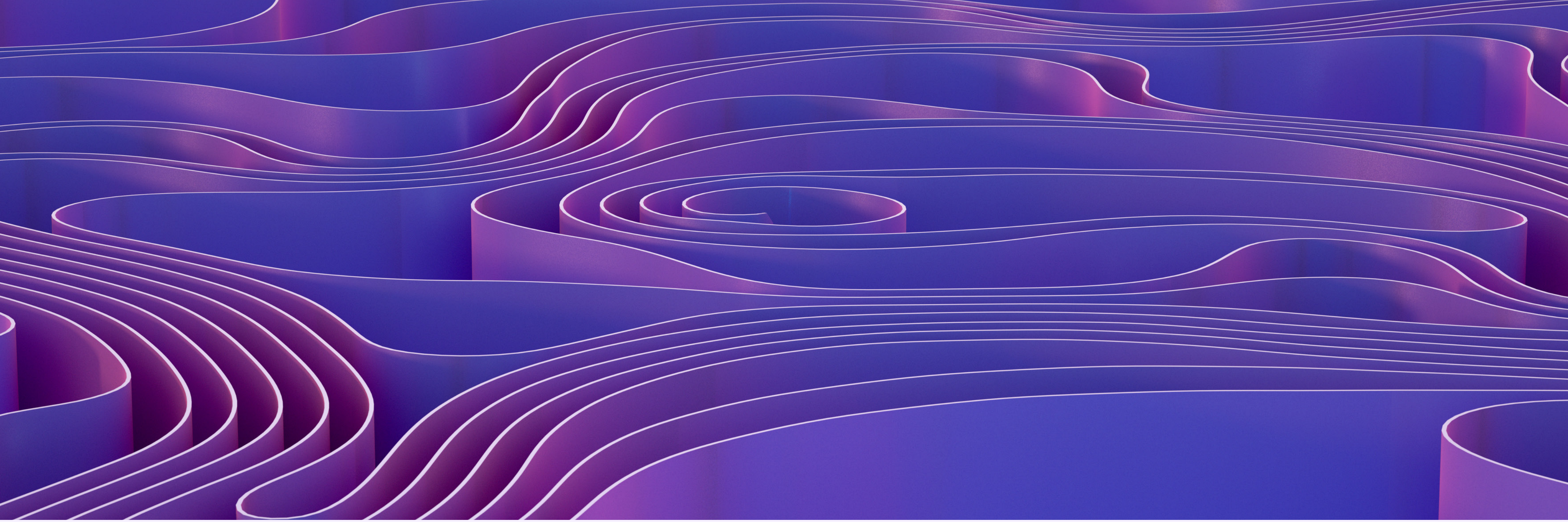
- Different customer behaviors and payment solutions in each market
- Difficulties staying up-to-date on the changing regulatory requirements of each country
- Inadequate language support with existing systems and suppliers

What could the resources be used for instead?

If your company could free up the time and resources consumed by these administrative challenges, what could they be used for instead? There is huge potential here for prioritizing new, value-creating activities that can benefit your business overall. With more proactive, rather than reactive working methods, you can prevent time-consuming customer service tickets, increase customer satisfaction, reduce churn and become more attractive to potential new customers.

4 ways of utilizing freed-up resources:

- Shortening the response times of customer service
- Communicating more proactively with existing customers
- Creating better, more customized offers
- Getting established more quickly in new markets



Why outsourcing of invoice management is no solution

To reduce the administrative burden and be able to focus more on the core business, many companies decide to outsource their invoicing. It's a risky strategy however, given how important invoicing and payment is to the overall customer experience. For example, your customer service function will have less insight into invoicing issues, thus making it harder for them to offer your customers quick assistance. And, each negative experience affects the customer's relationship with your company, regardless of whether the source of dissatisfaction lies beyond your control. Several different partners are often needed for each task as well, including everything from the distribution of paper invoices to debt collection. The situation becomes even more complex with international expansion. In the end, you may wind up needing just as many employees to interact with these various partners as it would have taken had you kept it all inhouse from the start (assuming that your internal processes are as efficient as possible).

8 tips for smarter payment processes – both internally and for your customers

1. Make it easier to set up direct debit

Despite the increase in digitalization, the number of paper invoices remains high for many security companies. Having more customers switch to direct debit can lead to major savings due to lower paper consumption and postage costs, fewer transports and less manual invoice processing. A higher percentage of customers paying by direct debit also reduces inquiries to customer service. Furthermore, an analysis by Billogram of more than 20,000 end customers[3] revealed that churn is twice as high among those paying manually compared to those that choose an automatic method of payment. In other words, there is much to be gained by making it easier for your customers to set up direct debit. Customers can easily connect a bank account if they want to pay their bills using automatic payments. With the right digital tools, the process can take less than a minute.

[3] How customer loyalty is impacted by the way in which you process payments and invoices

2. Minimize the task of manually matching customer and invoice

Having to manually process erroneous payments caused by, for example, the customer omitting part of the reference number, frequently takes a lot of time. A digital payment platform makes it possible to correctly match customer payments with invoices based on the existing information, even if one of the details is incorrect.

3. Make it easier for customers to pay on time

Improve both cash flow and customer experience by making it easier for your customers to pay their invoices on time. It also saves time internally, since a higher incidence of late payments typically means more reminders (and more inquiries to customer service). There is also a clear correlation with customer loyalty: data shows that churn is nearly three times higher among customers who miss payments than for those that pay on time.[4]

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[4] Debt management report

Two ways of succeeding with this are:

- Sending a due date reminder by email or SMS on the same day that payment is due for customers who have not yet paid. A “soft” reminder like this feels much friendlier to customers than the “hard” reminder when the invoice is already overdue (and when they might even have already been charged a late fee).
- Dynamic distribution means that whenever a communication or payment method fails, a new attempt in a different channel will automatically be made, before the invoice turns into a reminder case. For example, if a customer neglects to open an email containing the invoice within a certain period of time, an SMS will be sent out instead. And if that’s not opened either, a paper invoice will be sent out. The same thing happens if an email message bounces back because of incorrect address. And, if a direct debit payment fails due to unavailable funds in the customer’s account, they will be sent an email prompting them to pay manually.

4. Dare to let go of late fees

There are many reasons why a customer might not pay the invoice on time. They might, for example, have simply forgotten. If you compare the revenue from charging and collecting reminder and late fees to what the administration of it all costs, including angry calls to your customer service department, is it still worth it? Charging a reminder fee that the customer feels is unjustified, may also come with the risk of them starting to look around for a new supplier. And, if the case winds up getting sent to debt collection, you will be outsourcing part of the customer experience to a third party. Collection agencies are good at collecting payments, but how do their processes impact the customer's long-term relationship with your company?

5. Offer customers interactive invoices

Admittedly, a PDF invoice sent out by email is “digital”, but it still involves several manual tasks for both the customer and your employees. Take digitalization a step further by offering an interactive invoice, in a digital platform.

Three advantages of an interactive invoice:

- Updates in real time if, for example, the invoice amount or due date is changed. And, if the customer makes partial payment on the outstanding amount, the invoice will be updated as soon as that payment is received. Doing so minimizes follow-up questions from the customer. All of the history is saved too, so that your employees and the customer can see everything that has happened, and when.
- Enables two-way communication in the form of messages between the customer and customer service directly on the invoice.
- Provides an opportunity for conveying value-creating information to the customer, who can act directly and move on with a simple click. This may include, for example, customized offers, tips on preventing break-ins during vacation, information about current customer service response times, or links to the FAQ. Or, why not give them tips about functions in your app or on “My Pages” to increase the use of these channels?

6. Use data to optimize the customer experience

The more digitized that both customer management and invoice handling are, the more customer data you will have access to. It can give valuable insight into such questions as:

- When and how do customers prefer to pay their invoices?
- Which channels do they prefer to use when contacting your company (e.g. phone, email, chat, SMS or messages directly on the invoice)?
- When and in which channels do you reach them the best with information and offers?
- Which type of information and offers generate the greatest interest in various customer groups?

You can then use this knowledge to increase the impact of communication with your customers, remind them about timely payments and better plan internal resources, such as the staffing of customer service.

7. Communicate proactively in several channels

For most companies, invoicing and payment issues are the cause of a high percentage of the inquiries to customer service. Quantifiable data enables you to learn which specific parts tend to raise the most questions with your customers and how you can reach them most effectively. Ensure that you always have current contact information and more than one way to contact each customer. You can then use knowledge about your customers to lower the pressure on the customer service function via proactive communication that helps customers find information themselves. As mentioned in item 3, due date reminders are an excellent example of proactive communication.

Here are some other situations where you can give customers the right expectations and prevent issues:

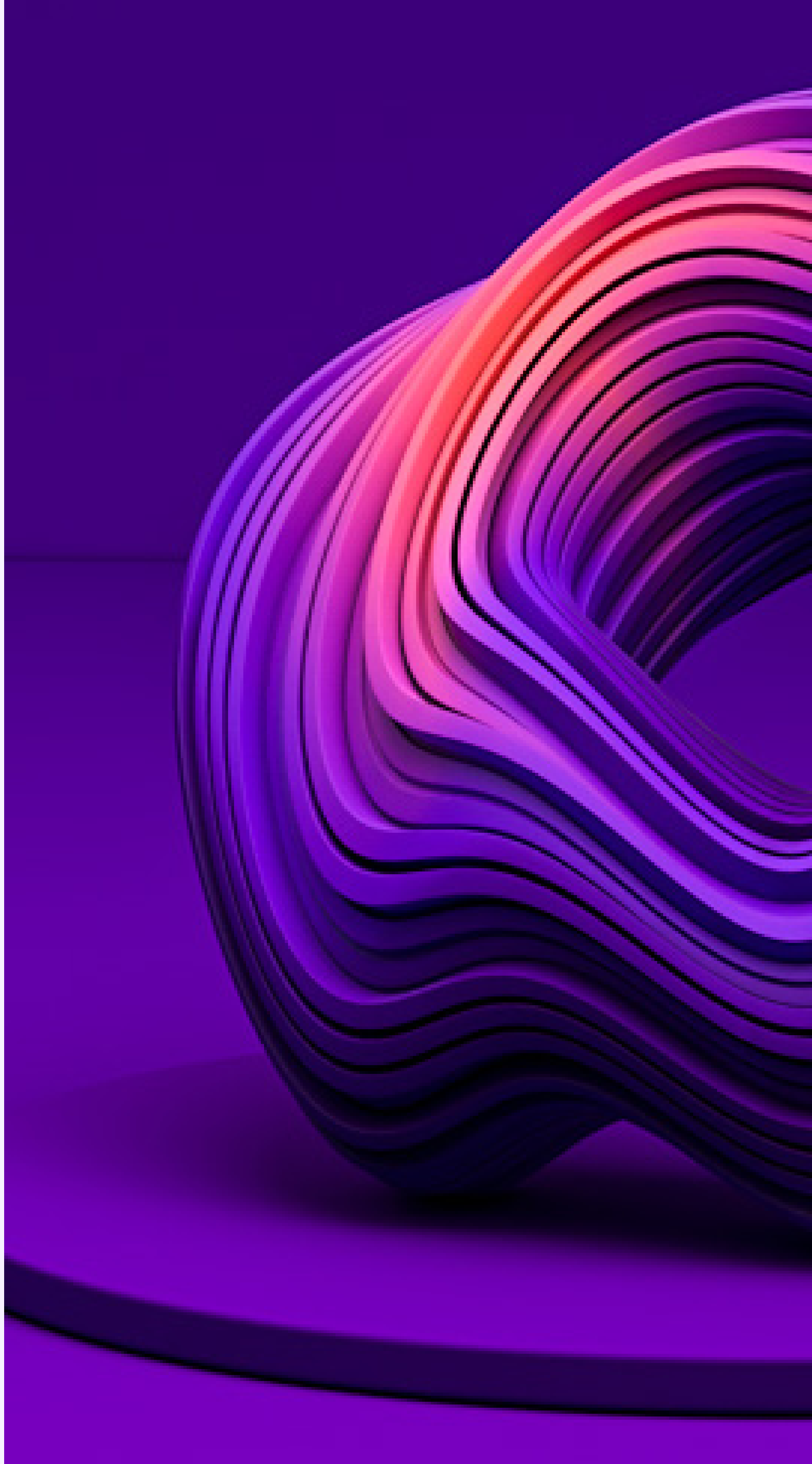
- If prices increase sharply or are expected to do so later on: tell your customers well in advance, ideally directly on the invoice, and explain the reasons for the increase.
- If the wait for getting through to your customer service is longer at certain times: provide information on peak hours in the same place where you have contact information for your customer service, along with links to FAQs or tips on things that customers can solve themselves by logging in to their personal account.

8. Choose a holistic solution to grow with

The more ambitious that the growth plans are for your company, both domestically and internationally, the more important it is to have uniform, centralized processes for invoicing and payment. Gathering all administration in a single platform reduces your internal administration and the need for coordinating the work of multiple external partners.

Choose your platform supplier with care to ensure that you get a solution that is:

- Future-proof, with support for making updates based on changes in both the market and legislation.
- Scalable, with APIs for smart integrations so that you can quickly adapt your processes in a new market.
- Designed to give a seamless experience to your customers, regardless of the country where they live or the payment method they prefer.



About Billogram

Since its inception in 2011, Billogram has renewed an outdated billing process by offering companies with recurring payments an intelligent digital platform for payments. At the same time, we improve the customer experience around the payment process with easy interactive invoices.

With the help of smart technology, we help companies strengthen their relationships with their customers, at the same time that we automate processes, reducing costs, increasing revenues, and reducing losses of customers. We work with many customers who have expanded internationally, so we know what's required of a payment solution for successful expansion. The result is a payment that benefits everyone.

Read more about us at billogram.com

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